



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

February 18, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **H.S. CONSORTIUM OF THE EAST SAN GABRIEL VALLEY (dba) LA
WORKS CONTRACT REVIEW - A COMMUNITY AND SENIOR
SERVICES WORKFORCE INVESTMENT ACT PROGRAM PROVIDER -
FISCAL YEAR 2007-08**

We completed a program, fiscal and administrative contract compliance review of H.S. Consortium of the East San Gabriel Valley (dba) LA Works (LA Works or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with LA Works, a public agency to provide and operate the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The WIA Rapid Response Program provides assistance to companies that are facing a reduction in their work force and soon to be dislocated workers cope with career transitions by providing orientation seminars, workshops and materials. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. LA Works' offices are located in the First, Fourth and Fifth Districts.

LA Works was compensated on a cost reimbursement basis and had a contract for \$3,503,402 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether LA Works complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, LA Works provided the required program services to eligible participants and maintained sufficient internal controls over its business operations. In addition, LA Works met all the FY 2007-08 County contract planned performance outcomes as required. Details of our review are attached.

Review of Report

We discussed our report with LA Works and CSS on October 8, 2008. There are no recommendations in this report. A corrective action plan is not necessary at this time.

We thank LA Works for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer
- Cynthia D. Banks, Director, Department of Community and Senior Services
- Salvador Velasquez, Executive Director, LA Works
- Kevin Stapleton, Chairperson, LA Works
- Public Information Office
- Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
H.S. CONSORTIUM OF THE EAST SAN GABRIEL VALLEY (dba) LA WORKS
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether H.S. Consortium of the East San Gabriel Valley (dba) LA Works (LA Works or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 45 (9%) (15 youth, 15 adults and 15 dislocated workers) of the 527 participants that received services from July 2007 through June 2008 for documentation to confirm their eligibility for WIA services.

Results

All 45 participants sampled met the eligibility requirements for the WIA Programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 45 (9%) participants that received services from July 2007 through June 2008. We also interviewed four youth participants/guardians, six adults and four dislocated workers.

Results

The four youth participants/guardians, six adults and four dislocated workers interviewed stated that the services they received met their expectations. In addition, LA Works provided the services in accordance with the County contract and WIA guidelines.

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOME REVIEW**Objective**

Determine whether the Agency met the planned performance outcomes as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB). The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes to the planned performance outcomes outlined in the County contract and to the program activities reported on the Job Training Automation (JTA) system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

Results

Generally, LA Works accurately reported the performance outcomes to the WIB. In addition, LA Works met all the FY 2007-08 County contract planned performance outcomes.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's April 2008 bank reconciliation.

Results

LA Works maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendations

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 39 non-payroll expenditure transactions billed by the Agency for July 2007, totaling \$82,926.

Results

Generally, LA Works' expenditures were accurately billed and supported by documentation as required.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, LA Works maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether LA Works' fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 14 items purchased with WIA funds, totaling \$21,839.

Results

LA Works used the items purchased with WIA funds for the WIA programs. In addition, the items were appropriately safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for 45 employees totaling \$122,185 and 17 participants totaling \$6,531 for January 2008 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for five employees assigned to the WIA programs.

Results

LA Works appropriately charged payroll expenditures to the WIA programs. In addition, LA Works' personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether LA Works' Cost Allocation Plan was prepared in compliance with the County contract requirements. In addition, determine whether the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July 2007 and January 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, LA Works' Cost Allocation Plan was prepared in compliance with the County contract requirements and the Agency allocated shared program expenditures.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's Fiscal Year (FY) 2006-07 final close-out invoices for the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs reconciled to the Agency's financial accounting records.

Verification

We traced LA Works' FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in April, May and June 2007.

Results

LA Works' FY 2006-07 general ledgers reconciled to the Agency's FY 2006-07 final close-out invoices.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on June 30, 2008.

Results

The prior year's monitoring report contained nine recommendations. LA Works implemented all nine recommendations.

Recommendation

There are no recommendations for this section.